GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6821
ANSWERED ON:10.05.2002
TAX EVASION COMMITTED BY SUNAIR HOTEL LIMITED
AVTAR SINGH BHADANA;CHARAN DAS MAHANT

Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry is aware of the investigation by the Department of Company affairs U/s 209A and thesubsequent Income-Tax Investigation into violation of Companies Act, 1956 and tax evasion committed by Sunair Hotels Limited which inter-alia includes questionable allotment of shares worth Rs. 31.75 crores to itself and its subsidiaries; and

(b) if so, the action taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN).

(a): Yes, Sir.

(b) : Department of Company Affairs launched prosecutions against M/s Sunair Hotel Ltd. and its officers for violationof Sections 77, 211 and 212 of the Companies Act, 1956. The offences under Section 211 and 212 were however compounded by the Company Law Board on application of the Company. Prosecution for violation of Section 77 is still pending inthe Court of Additional Chief Metropolitan Magistrate. Further, for violation of the provisions of Section 299 of the Act, the Directors of the Company moved an application u/s 621A of the Act for compounding of the offence and same has also been compounded by the Company Law Board. There was a search by the Income Tax Department inthe case of M/s Sunair Hotel Ltd. on 21.11.2000. Assessment of undisclosed income in a search case is made within two years from the end of the month in which search was conducted. Investigation carried out by other agencies is also examined from tax angle while making the assessment.